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## A CABLE POST.

### THE POSSIBILITIES OF ATLANTIC SUBMARINE COMMUNICATION.

BY J. HENNIKER HEATON, M. P.

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Two generations ago a heaven-sent genius took pity on the two great sister-nations of the Anglo-Saxon stock, dwelling isolated and apart, forever sundered by the wide, tempestuous ocean. A slender wire was laid across the depths of the watery abyss, and an end of this wire was placed in the hand of either sister. "Now speak," said their benefactor, "as if you were face to face. Share your joys, sympathize with each other's sorrows; take sweet counsel together; and if, as is the wont of your sex, you talk overmuch and overlong, why, you will be all the better friends."

Why is it that this delightful vision has never been realized? Why has the grand experiment, on which we grown men looked as boys, with breathless interest, proved a miserable failure? Is it because the two peoples, numbering more than 100,000,000 of the same blood and speech, have nothing to say to each other and no desire for more frequent, rapid, and intimate communication? If so, how can we explain the constantly increasing bulk of the mails, side by side with the development of trans-Atlantic trade, and the eager, persistent injunctions laid on the two governments to provide the swiftest mail steamships that money can buy? No; the obvious explanation is that a shilling a word is a prohibitive rate, which can only be borne in the small class of transactions yielding extraordinary profits, or under the pressure of sheer necessity. If a man with a business of moderate dimensions corresponds with London customers by letter, knowing that his wealthy rivals habitually employ the cable for the same

purpose, it is not because he prefers a week's delay, but because he cannot help himself. On the other hand, capitalists would be glad to have the rate five dollars a word, in order to kill the competition of poorer men. Yet even rich men writhe a little in the grip of the cable companies; and this is why 97 per cent. of the messages are sent in code. The proportion of social messages exchanged between relatives and friends on matters of private concern—only 3 per cent.—is so small as to be hardly worth taking into account at all. The Anglo-American cable tariff helps to accumulate business in the hands of a few operating on a large scale, and to accentuate the inequalities of distribution, while it effectually cuts off all electrical communication between the masses divided by the Atlantic. Electricity has been appropriated by a long-headed "trust," just as whiskey, beer, and other good things have been appropriated. The poor man knows that this subtle force pervades all nature, even to his own body, and that it was intended to be the common heritage of humanity. He hears the long roll of thunder among the hills, he shrinks from the lightning flash, he is exposed to the storm which follows. But if he would avail himself of the marvellous powers of the ubiquitous subject fluid to send a message of life and death, he is promptly reminded that such luxuries are not for the like of him. He may wish to tell his old father that he is one of the few saved from a wreck: "Let the old man wait until he can receive the good news by post."

The Atlantic cables are controlled by a monopoly; that is the evil to be dealt with. Strictly speaking, it is a duopoly, for there are two groups of shareholders interested; but these two maintain a common tariff, and so far as the public is concerned, all the evils of a monopoly exist. Unless competition be independent and unrestricted, its wholesome influence is non-existent. Let me here say, once for all, that I do not presume to censure the sagacious and energetic men of business who have laid the cables, and now work them. Some of these gentlemen—I refer above all to my friend Sir John Pender—have displayed financial and administrative talents of the highest order; and they cannot be blamed for monopolizing electricity, any more than others can be blamed for monopolizing gas and water.

The true culprits are the British and American governments, which have allowed private persons to undertake state responsi-

bilities, and to intercept benefits that belong to the public at large. "*La propriété c'est le vol*," said Proudhon. However horrified we may be at such a doctrine, all must admit that in certain cases private property means public loss. Where exclusive possession of a right by an individual means a deprivation of essential or valuable privileges to the entire community, the state should assume the ownership, in trust for the citizens. This view is familiar to the postal authorities of the United States, who have long contended that the inland telegraphs ought to be acquired and worked by the state. The communications of the people ought not to be at the mercy of a calculating director, who will naturally prefer a small number of messages at a high rate to a larger number at a lower rate. For such reasons the postal service in every civilized country is managed by state officials. But in every country the telegraph is superseding the post. The mere fact that an inland transaction can be arranged by telegraph or telephone in an hour, at any distance, as against twenty-four hours by post, causes a corresponding reduction in the time required for carrying out the bargain. Where, as in the case of Anglo-American trade, the arrangement by post takes a fortnight, it is obvious that the bulk of such trade, being conducted by post, is handicapped with a fortnight's delay. We are reminded of a surly squire, whose park divides two villages from each other. A few favored persons are allowed to cross the park, but the rest of the villagers must walk several miles round the jealously guarded demesne, in order to communicate with their neighbors.

Before going any further, let us glance at a few facts and figures bearing upon the question before us. Nominally six companies carry on the trans-Atlantic cable traffic, namely: the Anglo-American Telegraph Company, the Western Union Telegraph Company, the Commercial Cable Company, the Direct United States Cable Company, the American Cable Company, and the Paris and New York Cable Company. Of these, however, the American Telegraph and Cable Company is (according to *Burdett's Intelligence*) leased to the Western Union Telegraph Company, and the Anglo-American Telegraph Company receives 48.825 per cent. of the receipts of four companies, namely: the Direct United States Cable Company, the Paris and New York Cable Company, and the American Telegraph and Cable Company (now leased, as stated, to the Western Union Telegraph

Company). It is clear, therefore, that competition is practically confined to the Anglo-American Telegraph Company and the Commercial Cable Company, the former of which controls nine cables (five of its own and four of its allies), while the latter has three at its disposal. *Burdett* states that the capital of the Anglo-American Company is £7,000,000 (nominal), and of the Commercial Cable Company £2,000,000. Putting the capital of the other three companies at about a million each, we may take it that the total capital invested is £12,000,000, or \$60,000,000.

Reverting to the Anglo-American Company, there are three kinds of shares—the ordinary, preferred, and deferred; and *Burdett* tells us that in 1893 the ordinary-share holders received £2 11s. per cent., the preferred £5 2s. per cent., and the deferred nothing. The report dated July 20th, 1894, gives the receipts for the half-year at £135,390, and the expenses at £55,716, leaving a balance of £79,674, from which, £12,000 being appropriated to the renewal fund (now amounting to £530,000), the residue available for dividend is £67,674.

By the report of the Commercial Cable Company for 1893, as summarized in *The Times*, it appears that

The gross receipts of the company were .....	\$1,842,346
Working expenses.....	784,600
Net income.....	\$1,057,746
Dividends paid (7 per cent.).....	\$613,376
	\$444,370
Balance applied to pay off remaining debenture bonds.....	389,600
	\$54,770

The number of words sent over the cables between America and England last year was 23,000,000. Of these twenty million were business messages at one shilling per word, and the balance, three millions, were messages at fivepence per word. Deducting some small charges, the total income from Anglo-American cables may be put down at £1,000,000, or five million dollars.

Now, by means of the recent improvements, forty-five words per minute can be sent over one wire, so that the twelve cables might be employed to send in one year no less than 283,824,000 words! It must be remembered, however, that only two of the twelve cables are extensively employed. Indeed, a cable expert of high authority is of opinion that the new cable of the Anglo-American Company, having a weight of 400 pounds of copper to the mile, is of sufficient capacity to carry all the existing traffic.

The cost of laying a trans-Atlantic cable is said to be about £500,000. If so, the total cost for the twelve working cables, and three which have been abandoned, is about £7,500,000. Yet the capital of a single company is £7,000,000, while for £1,000,000 we might at once lay two cables capable of doing all the work. The interest on £1,000,000 could not exceed £50,000, and the working expenses would be about £80,000; total, £130,000. For which annual expenditure the public might have a service just as good as the present one, for which it pays the companies £1,000,000.

It is of course well known that there is great pressure on the cables at certain hours—just about the time when the street traffic becomes congested opposite the Mansion House; while at night the wires are comparatively idle. Again, the code system must greatly impede and hamper the working of the service. One man is known to have paid £3,000 for a good code. These codes are sometimes over-significant. Thus the word “man” might mean “Readings declined one-tenth,” “Penns. rose one-fifth,” and “New York Central steady.” And again the word “wormlike” means in one code: “The price is 10 shillings; appearing high as compared with your market. We took refusal until to-morrow, and shall buy unless you immediately instruct us to the contrary.” This message of twenty-eight words was sent as one word, to the disgust of the shareholders and managers of the cable companies. No code can properly anticipate a social or family message. Such codes as have been prepared are rarely used, for it is difficult to prepare a cut and dried programme of the diversified events of daily life. An attempt was made some years ago to charge double and treble for code words. But the merchants were too clever, and an apparent social message, such as that “John married Eliza,” often conveyed the most recent market rates for corn, leather, and cotton goods. I may here compliment the officers and men of the cable companies on their courtesy, capacity, high ability, and intelligence. The accuracy with which they work is simply astonishing. But they cannot please everybody. Some persons are intolerant of the slightest delay. The other day a gentleman made a great disturbance in a London office because he had to wait 20 minutes for a reply from New York. It must be abundantly clear from what has been said that in the charge of one shilling per word the public is paying not only for

the companies' services, but for their founders' blunders, their miscalculations, and their faulty finance. It is paying for abandoned cables, for superfluous cables, for unnecessary working staff and apparatus. In a word, the public is paying, as already pointed out, a million a year for what could be supplied at £130,000.

I repeat that if it were possible to take a sponge and wipe out our present cable service, we could reconstruct the whole of the present living cables to America for £6,000,000.

It remains to suggest a remedy for the unsatisfactory state of things which we have been reviewing. Here are two nations, the one of 38,000,000, the other of 65,000,000, of the same origin, speaking the same language, and strongly attached to each other. The American imports from the United Kingdom amount to £37,577,682, and the American exports to the United Kingdom are £86,543,150. British immigrants still pour into the States at the rate of 160,000 per annum; and it is no exaggeration to say, therefore, that millions of American citizens are as warmly attached to the one country as to the other. Parents and friends are left in the Old Country; wives, children, and more friends are found in the New World. Yet of the total 100,000,000 people, only one in ten cables one word a year.

I say it is high time to change all this; to recognize that since the first cable was laid the Atlantic no longer exists. What I propose is that the British and American governments should jointly acquire the property and rights of the existing cable companies, at a fair valuation, and establish a common state monopoly in cable communication. They should then establish a tariff of one penny per word; and the result would be a prodigious development of trade, and an immense increase in the happiness of the masses. It is by no means impossible that ultimately the tariff might be still further lowered, down in fact to the lowest remunerative point. For governments have no right to make a profit out of the communications of the people.

This programme is by no means a visionary one. For no appreciable increase of expenditure accompanies the augmentation of the traffic over a wire, which is almost pure profit. If the traffic increased twelve times under a penny tariff, the revenue would be the same as at present; but the state would be satisfied with less than half the revenue of the companies. In fact it

would be perfectly feasible to telegraph the whole of the letters now exchanged between the two countries, for the sum which is now paid to the mail-steamship companies.

Meanwhile, I may invite the Anglo-American Company to make a grand experiment. It should institute a Sunday or nightly service at a penny per word for purely social messages, the use of codes being strictly forbidden. I have little doubt that a profit of £50,000 a year would at once be realized.

I appeal to men of business, on both sides of the Atlantic, to take up this question, as one in which the immediate future of commerce is bound up, and to insist, first, that the two governments shall do their duty by performing the work, and secondly, that the tariff shall be no more than sufficient to meet expenditure. A profit on cablegrams, telegrams, or letters is as noxious and indefensible as a tax on books or newspapers, or on conversations with one's friends and customers. We might as well levy tithes on seed corn, or exact a duty whenever a traveller calls for orders. The initial operations of trade, which may or may not lead to profitable results, should be encouraged and facilitated, for every individual in every class of society is directly or indirectly interested in their success. Taxation should be collected on profits, not on tools ; not on the negotiations that are intended to create profitable work. I call upon British and American statesmen to seize this golden opportunity of benefiting the two peoples, and adding the precious birthright of cheap and instantaneous intercourse to the privileges already distinguishing the Anglo-Saxon race. This is no scientific problem or financial adventure. The wires exist, the staff is in perfect training ; and at a week's notice the people of the United Kingdom and the United States may be in constant electrical communication on questions of business or on private affairs ; the letter post being reserved for the transmission of formal documents. And this wonderful transformation would be effected with a positive saving to the taxpayers.

Finally I turn to the one man who has it in his power to advance this scheme more than all other public men put together—I mean Sir John Pender. Sir John is the brain of cabling enterprise, not only in the Atlantic, but all over the world. He has gathered up the electric threads, throbbing with the fate of individuals and nations, as an old coachman gathers up the reins of



his team. He is the Cable King. He has acquired a universal monopoly in submarine telegraphy for the companies with which he is connected. He is chairman of the Eastern Telegraph Company, which, with its allies and satellites, such as the Indo-European, the Great Northern, the Eastern Extension, and the South African Companies, engrosses all the traffic of Egypt, India, the East, Australia, and Africa. In the same way he has helped to form this alliance of four trans-Atlantic companies, which "pool" their profits, and defeat all efforts to reduce the tariff. When his one rival, the Commercial Cable Company, was formed, the rates went down from one shilling and eightpence to sixpence, and the traffic increased 727 per cent. But Sir John has worked the charge up again to a minimum of one shilling per word, and there he would fain maintain it. But he must be aware that this scandal of idle wires and prohibitive charges cannot last forever. He is exposed at any moment to competition such as has just been called into existence in the Pacific. I suggest to him to be wise in time, to accept a fair compensation for his shareholders (some of whom receive nothing), and to support with all his unmatched experience and ability the proposal here brought forward. He has had a long and splendid career, in the course of which he has conferred splendid advantages on the commerce of the world. Let him crown the work by doing something for the millions who can never pay high tariffs, but who none the less long for the means of communicating in a moment with those who are dear to them. If he should listen to this appeal and link the hearts, and not merely the pockets, of the two peoples with an electric chain, he will have accomplished a miracle in the Atlantic almost recalling that witnessed in the Red Sea when, as Moses stretched forth his hand, the angry waters were rolled back and were a wall unto the Israelites on their right hand and on their left.

I may summarize the policy put forward in this article by quoting the terms of a resolution which stands in my name on the Order-Book of the British House of Commons :

That freedom of communication by cable is one of the most vital interests of the Empire, and, as such, ought not to be dependent on the policy of private companies; that it is in the highest degree expedient to encourage, cheapen, and facilitate communication by means of the electric cable between the several portions of the Empire; that the rates charged by the cable companies for the transmission of messages are, generally speaking,

excessive, and, in some cases, prohibitive; that, it being advisable at all costs to put an immediate end to cable monopolies, the British Government (or the Home and Colonial governments jointly) ought forthwith, in the interests of the Empire, to acquire, at a fair price, the rights, plant (and other property, if any) of the existing cable companies; that the price paid should not exceed the market value of the cable companies' shares on the date of the appearance of this proposed resolution in the paper; and that the state (or the Imperial Cable Administration), when possessed of the cables, should aim at no profit on the transmission of cablegrams, but should charge rates low enough to allow of the despatch of the largest possible number of messages, after providing for the cost of maintaining the cables and the service generally in an efficient condition, the cost of any extension of the cable not being met by a further investment of state funds."

It is a significant fact that the action of the British and French governments in buying the Submarine Cable Company's wires across the British Channel proved highly profitable and advantageous to both countries.

J. HENNIKER HEATON.